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VETERANS' TAX EXEMPTION

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Argument Against Proposition No. 2

VOTE NO ON PROPOSITION #2! It is another attempt to increase exemptions and shift the tax burden to other taxpayers.

This constitutional amendment must be defeated or a dangerous precedent will be established. Proposition #2 might permit a property tax exemption for veterans who actually RENT their housing rather than own their own homes.

A veteran now is granted a tax exemption of \$1,000 of the value of his home if the total value of his property does not exceed \$5,000. The proponent of this measure states that there are 14,000 housing units built under Section 213 of the National Housing Act which would be affected by this amendment. Actually, there are many more thousands of housing units built under all the different provisions of Section 213 of the National Housing Act. The 14,000 units described by the author of Proposition #2 are those constructed under just one part of Section 213 and are predominantly of the apartment type—either owned co-operatively or rented by those occupying the dwelling units under an "occupancy agreement."

In this amendment, the apartments are described, for purposes of tax exemption, as "single-family dwellings." The housing project built under Section 213 of the National Housing Act include public areas such as cor-

ridors, elevators, recreation rooms, and even stores—none of which is entitled to a veterans' tax exemption under present law, if it exceeds \$5,000 in value.

If this amendment becomes effective, landlords owning apartment projects financed under any of the provisions of Section 213 of the National Housing Act could arrange with veterans to live in apartments as renters under an "occupancy agreement" with a membership granted in the owning corporation.

An estimated 2,300,000 veterans live in California. In 1961, 1,136,478 veterans claimed exemption from property taxes, resulting in their not paying about \$76,000,000 to local communities—cities, counties, school districts, etc. Many thousands more who RENT houses or apartments might logically ask for tax exemption if the veteran-occupied dwellings affected by this amendment were partially excluded from the tax rolls.

SHIFTS OF THE TAX BURDEN REQUIRE OTHERS TO PAY MORE THAN THEIR SHARE. Extensions of the property tax exemption should be resisted.

REJECT THIS UNWISE MEASURE! VOTE "NO" ON PROPOSITION NO. 2.

JAMES L. BEEBE
Chairman, State and Local
Government Committee
Los Angeles Chamber of
Commerce

VETERANS' TAX EXEMPTION. Senate Constitutional Amendment No. 20.

3

Provides that residency requirement for veterans' tax exemption of \$1,000 means those who were residents at time of entry into armed forces, or operative date of this amendment; survivor to be entitled to exemption must be survivor of qualified veteran and also resident at time of application. Extends exemption to widowers as well as widows; exemption denied to survivor owning property of value of \$10,000.

YES

NO

For Full Text of Measure, See Page 3, Part II

Analysis by the Legislative Counsel

This constitutional amendment would amend Section 1 1/4 of Article XIII. It would extend the present coverage of the veterans' tax exemption to include veterans of the armed forces of the United States, rather than merely those of the Army, Navy, Marine Corps, Coast Guard or Revenue Marine (Revenue Cutter) Service.

It would restrict the present exemption by making it applicable only to those veterans who were residents of this State at the time of their entry into the armed forces or who are residents on November 6, 1962, which will be the effective date of the amendment if it is adopted. Under the present constitutional provision a veteran need only be a resident of California at the time he makes application for the exemption.

In addition, the proposed amendment would use the word "spouse" instead of "wife" or "widow," thus extending the exemption to husbands and widowers. The measure would in-

crease from \$5,000 to \$10,000 the value of the property that a surviving spouse, father, or mother of a deceased veteran may own without becoming ineligible for the exemption.

It would also render a surviving spouse or parent of a veteran ineligible for the exemption unless the veteran was eligible for the exemption at the time of his death and the spouse or parent resided in this State at the time of the application for the exemption.

Argument in Favor of Proposition No. 3

This Proposition would modify eligibility for the Veterans Tax Exemption in order to make it more fair and equitable. Proposition 3 is essentially identical to Proposition 11 (1960 ballot) which was approved 3,661,142 votes to 1,876,259. That measure failed to become part of the Constitution because of technical conflict with another proposition.

That is the reason for resubmission. No similar conflict exists this year.

Four major changes are contained in Proposition 3:

1. Eligibility for the exemption is limited to:
 - A. Residents of California at the time they entered military service; or
 - B. Veteran residents of California in November, 1962.

One who by action and intent indicates that he will remain in California indefinitely is a resident. It is not necessary to live here any specified time.

About 40% of all veterans in California today entered service elsewhere. This would not affect these people. But thousands of new veterans arrive yearly. The total cost to local governments of this exemption now exceeds \$73,000,000, is growing yearly, and is shifted to other taxpayers, including veterans.

There is ample precedent for this restriction. CALVET Farm and Home Loans are limited to those who entered service from California. And all states which grant veterans' bonuses limit them to veterans who entered service from those states.

Yet at present a veteran can collect a bonus in one state, then move here and receive our exemption for the rest of his life.

But no veteran who is eligible today will lose the exemption under Proposition 3.

2. Veterans' Widows. Their protection is improved. To be eligible today the veteran cannot own more than \$5,000 in property. But this means \$10,000 in community property for the married veteran.

When the veteran dies, his widow's community property status ceases. The limitation then becomes \$5,000. Thus she may lose the exemption just when she needs it most.

Proposition 3 preserves the widows' eligibility for the exemption by keeping the property limitation at \$10,000.

The reference to "widows" is broadened to include "widowers". In 1911 voters could not foresee the number of women who would enter military service.

3. "Wife" is changed to "spouse" for the benefit of women veterans.

Specifically, a veteran is now permitted exemption on property worth \$1,000, or "lacking such amount of property . . . so much of the property of the wife . . . necessary to equal such amount." Female veterans have been denied a similar benefit on their husband's property. This proposition gives equal rights to women veterans.

4. Language changes for clarification only.

Reward for military service in time of war is primarily a national responsibility since the veteran serves the nation and not just one state. State veterans' benefits are therefore but a further expression of gratitude to those who entered service from that state.

Other states limit their programs to their own veterans. This proposition would make

California's exemption conform for those living here in the future. But no veteran now eligible would lose his exemption. It also liberalizes the exemption for widows and women veterans.

Vote "Yes" on Proposition 3.

LUTHER E. GIBSON
Senator for Solano County
JAMES A. COBEY
Senator for Merced
and Madera Counties

Argument Against Proposition No. 3

We urge a "No" vote for many reasons:

First, this proposal would even permit a man without one day of service in the armed forces to actually receive greater benefits under the veterans' tax exemption laws than one who had risked his life on the field of battle. He would merely have to be the widower of a women war veteran. And the change would be accomplished by this proposal by simply changing one word in the exemption laws, from "wife" or "widow" to "spouse."

In its terms, Proposition 3 further liberalizes the most costly tax-shift over to burden the taxpayers of California. This is the exemption granted real veterans which already shifts \$70,000,000 in cash annually to all the taxpayers of the State, nearly half of this amount in Los Angeles County alone.

Although more than 1,000,000 veterans already are getting tax exemptions on the first \$1,000 of assessed valuation of the property they own, the State Constitution now limits eligibility of this special benefit to those swearing that they own no more than \$5,000 in property of all kinds.

But Proposition 3 would actually raise to \$10,000 this limitation as it applies to "surviving spouses" or some other nonservice heirs to a veterans' property. And it would legally sanction the inequitable and costly practice of granting exemptions to married veterans owning between \$5,000 and \$10,000 of property. At present, this is being done only on the strength of a very doubtful legal theory derived from the community property law. It has never been in the section of the State Constitution governing veterans' tax exemptions, but this proposal would gain this end by subterfuge.

So it must be readily obvious to the voters of California that under this proposition a single man who fought on the battlefield would be denied the exemption if his property totalled more than \$5,000, while the widower of a woman war veteran without any service himself could get the exemption although owning \$10,000 in property.

An attempt is made to catch the unwary by the superficially attractive proposal that forth no person would be eligible for the tax exemption unless he was a resident of California at the time of his entry into the armed

vices, or by the effective date of this proposed constitutional amendment. The practical effect of this language in this proposal, in terms of restricting future veterans' claims, already has become so negligible that it is virtually nonexistent and seems to have no reason for inclusion in this proposal except to delude voters into approving this proposition.

The Property Owners Tax Association of California urges a NO vote on Proposition 3.

THE PROPERTY OWNERS TAX
ASSOCIATION OF CALIFORNIA
PAUL SHEEDY
Executive Vice President
MELVIN HORTON
Secretary

ASSESSMENT OF AGRICULTURAL LAND. Assembly Constitutional Amendment No. 4. Upon adoption of ordinance by county or city, assessor on application of owner shall assess land used exclusively for agricultural purposes for prior two years on basis of such agricultural use only until such time as owner applies for assessment on regular basis or land is diverted from agricultural use, in which event the land shall be subject to additional taxes for prior seven years. Legislature shall provide procedures and necessary legislation to implement.	
4	YES
	NO

For Full Text of Measure, See Page 4, Part II

Analysis by the Legislative Counsel

This measure would add a new Section 2.8 to Article XIII of the Constitution governing the assessment for tax purposes of land which is used exclusively for agricultural purposes and which has been so used for at least the two years immediately preceding the lien date of the particular tax year for which the assessment is made. It would require the assessor, under certain conditions, to assess such property solely on the basis of factors relating to agricultural use. Under present law the assessment would have to be made on the basis of the highest and best use to which the land could be devoted, no matter what it is actually used for.

In order to qualify for such special treatment the owner of the land would be required to apply therefor in writing to the assessor by the time and in the manner provided by the Legislature. If the assessor determines that the land is being, and for the immediately preceding two years has been, used exclusively for agricultural purposes and that the application has been properly made, he is required to assess the land solely on the basis of factors relevant to its agricultural use. Once this occurs the land must continue to be so assessed until it is no longer used exclusively for agricultural purposes, or until the owner or his successor applies to have the land assessed in the usual manner. When either of these events occurs the land becomes subject to additional taxes in an amount equal to the difference between the taxes actually paid or payable for the past seven years and the taxes which would have been paid or payable if the land had been normally assessed, plus interest. The Legislature is required to implement this by providing for the collection and distribution of the additional taxes and interest and related matters.

This new constitutional provision will not operate in any county or city unless the governing body of the county or city provides by an ordinance that it shall be operative in respect to taxes levied for county or city purposes.

The ordinance is subject to the initiative and referendum process, and is not effective as to any tax year unless it is adopted at least 30 days prior to the lien date for that year.

Argument in Favor of Proposition No. 4

"Yes" on Proposition 4 will help keep mounting food prices down by insuring that vitally needed food production areas are allowed to remain close to metropolitan areas so city residents can be served economically.

"Yes" on Proposition 4 will help California's number one industry—agriculture—serve every Californian even more effectively with fresh, wholesome, sufficient, high quality food at the lowest prices.

"Save our countryside" has long been a common goal of city, suburban and country residents alike. A "Yes" on Proposition 4 will mark a tremendous step forward in insuring that California's countryside will be saved for the best use of our booming population and future generations.

"Yes" on Proposition 4 will help stabilize employment and furnish jobs, not only in agriculture, which today employs more than 500,000 Californians, but in every other phase of California business and industrial life, each of which benefits from California's agricultural industry.

Each year California agriculture produces more than \$3 billion in farm products, and an additional \$11 billion is produced by allied industries in processing, transportation, supplying, or marketing of farm products.

Every taxpayer in California is materially aided by the \$500 million in taxes, which California agriculture pays annually today. This money helps provide schools, highways, public improvements and needed governmental services.

"Yes" on Proposition 4 protects and stabilizes this tax base. Because of the deferred tax control, applicable as soon as farm land changes hands, it precludes any loss in taxes, resulting from inflation.

VETERANS' TAX EXEMPTION IN HOUSING PROJECT. Assembly Constitutional Amendment No. 70. Provides that "property" subject to veterans' tax exemption shall include single-family dwelling owned by a nonprofit co-operative ownership housing corporation or trust under National Housing Act, if occupied under "occupancy agreement" by a person entitled to veterans' exemption who has an interest in the corporation or trust which is represented by a membership or share certificate.

YES

NO

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

**PROPOSED AMENDMENT TO
ARTICLE XIII**

Sec. 14b. As used in Section 14, "property" shall be deemed to include any single-family dwelling owned by a nonprofit co-operative

ownership housing corporation or a nonprofit co-operative ownership housing trust as part of a housing project organized and operated under Section 213, Title II of the National Housing Act (Title 12, U.S.C., Sec. 1715e), if such dwelling is occupied under an "occupancy agreement" by a person otherwise qualified for the exemption granted by Section 14 who has an interest in the corporation or trust which is represented by a membership or share certificate therein.

VETERANS' TAX EXEMPTION. Senate Constitutional Amendment No. 20. Provides that residency requirement for veterans' tax exemption of \$1,000 means those who were residents at time of entry into armed forces or operative date of this amendment; survivor to be entitled to exemption must be survivor of qualified veteran and also resident at time of application. Extends exemption to widowers as well as widows; exemption denied to survivor owning property of value of \$10,000.

YES

NO

(This proposed amendment expressly amends existing section of the Constitution; therefore, **EXISTING PROVISIONS** proposed to be **DELETED** are printed in **STRIKEOUT TYPE**; and **NEW PROVISIONS** proposed to be **INSERTED** are printed in **BLACK-FACED TYPE**.)

**PROPOSED AMENDMENT TO
ARTICLE XIII**

SEC. 14. (a) The property to the amount of one thousand dollars (\$1,000) of every resident of this State who has served in the ~~Army, Navy, Marine Corps, Coast Guard or Revenue Marine (Revenue Cutter) Service~~ **armed forces of the United States** (1) in time of war, or (2) in time of peace, in a campaign or expedition for service in which a medal has been issued by, **or under the authority of, the Congress of the United States, and in either case has received an honorable discharge therefrom, or who after such service of the United States under such conditions has continued in such service, or who in time of war is in such service, or (3) who has been released from active duty because of disability resulting from such service in time of peace or under other honorable conditions; ; or lacking such amount of property in his own name, so much of the property of the wife spouse of any such person as shall be necessary to equal said amount, shall be exempt from taxation; provided, this exemption shall not apply to any person described herein owning property of the value of five thousand dollars (\$5,000) or more, or where the spouse of such person owns property of the value of five thousand dollars (\$5,000) or more. ; and the**

(b) The property to the amount of one thousand dollars (\$1,000) of the ~~widow surviving resident spouse~~ **in this State, or if there be no such widow surviving spouse, of the widowed mother resident in this State, of every person who has so served and has died either during his term of service or after receiving an honorable discharge from said service, or who has been released from active duty because of disability resulting from such service in time of peace or under other honorable conditions, and the property to the amount of one thousand dollars (\$1,000) of pensioned widows surviving spouses, fathers, and mothers, resident in this State, of soldiers, sailors and marines who served in the Army, Navy, Marine Corps, Coast Guard or Revenue Marine (Revenue Cutter) Service of the United States persons described herein who have so served in the armed forces of the United States, shall be exempt from taxation; provided, this exemption shall not apply to any person named herein owning property of the value of five thousand dollars (\$5,000) or more, or where the wife of such soldier or sailor owns property of the value of five thousand dollars (\$5,000) or more any surviving spouse, father or mother described in this subdivision owning property of the value of ten thousand dollars (\$10,000) or more. No exemption shall be made under the provisions of this section of the property of a person who is not legal resident of the State; provided, however, all**

(c) All real property owned by the Ladies of the Grand Army of the Republic and all property owned by the California Soldiers Widows Home Association shall be exempt from taxation.

No person described herein who has served in the armed forces of the United States shall be eligible for such exemption unless he was a resident of California at the time of his entry into such armed forces, or unless he was a resident of California at the effective date of the amendment of this section as proposed at the 1961 Regular Session of the Legislature.

No surviving spouse, father or mother of such person described herein who has served in the armed forces of the United States shall be eligible for such exemption unless such described person was eligible for such exemption at the time of his death, and unless such surviving spouse, father or mother of such described person was a resident at the time of the application for such exemption.

ASSESSMENT OF AGRICULTURAL LAND. Assembly Constitutional Amendment No. 4. Upon adoption of ordinance by county or city, assessor on application of owner shall assess land used exclusively for agricultural purposes for prior two years on basis of such agricultural use only until such time as owner applies for assessment on regular basis or land is diverted from agricultural use, in which event the land shall be subject to additional taxes for prior seven years. Legislature shall provide procedures and necessary legislation to implement.

YES	
NO	

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

**PROPOSED AMENDMENT
TO ARTICLE XIII**

Sec. 2.8. In assessing land which is used exclusively for agricultural purposes, and which has been so used for at least two successive assessment years immediately preceding the lien date, the assessor shall consider no factors other than those relative to agricultural use if the fee simple owner of the land makes application in writing to the assessor, by the time and in the manner provided by the Legislature, for the assessment of the land to be made on the basis of agricultural use. Upon the assessor's determination that the land meets the qualifications of this section, it shall be assessed as herein provided until such time as the fee simple owner or his successor in interest applies for assessment as otherwise provided by this Constitution, or until the land is diverted to a use other than for exclusively agricultural purposes.

In the event that land assessed pursuant to this section is diverted to a use other than for exclusively agricultural purposes, or application is made for its assessment as otherwise provided by this Constitution, the land shall be

subject to additional taxes in an amount equal to the difference, with such interest as may be provided by law, between the taxes paid or payable on the basis of the assessments made hereunder and the taxes that would have been paid or payable had the land been assessed as otherwise provided by this Constitution on the seven immediately preceding lien dates. The land assessed pursuant to this section shall be subject to a lien for such additional taxes and interest.

The Legislature shall provide for the collection and distribution of the additional tax and interest, equalization of the agricultural use assessments and the land values upon which the additional taxes are computed, and may make such other provisions in the implementation of this section as it deems necessary.

This section shall not be operative in any county or city unless the governing body of the county or city provides by ordinance that it shall be operative in respect to taxes levied for county or city purposes. Such an ordinance shall not be operative as to any tax year unless it is adopted at least 30 days prior to the lien date for that year. Any ordinance adopted pursuant to this section shall be subject to initiative or referendum by the electors of the county or the city which adopts the ordinance in the manner and to the extent provided for in Section 1 of Article IV of the Constitution.

WORKMEN'S COMPENSATION. Assembly Constitutional Amendment No. 72. Grants Legislature power to provide for award to the State in the case of accidental death of an employee without dependents; and such awards may be used for the payment of extra compensation for subsequent injuries beyond the liability of a single employer.

YES	
NO	

(This proposed amendment expressly amends an existing section of the Constitution; therefore **NEW PROVISIONS** proposed to be **INSERTED** are printed in **BLACK-FACED TYPE**.)

PROPOSED AMENDMENT TO ARTICLE XX

Sec. 21. The Legislature is hereby expressly vested with plenary power, unlimited by any provision of this Constitution, to create, and enforce a complete system of workmen's compensation.